



SEVENTH-DAY  
ADVENTIST  
CHURCH

Central California  
Conference

February 25, 2013

Re: Locally Funded Employees

Dear Pastors, Principals, Treasurers, Business Managers and ECEC Directors,

As you have heard, the Central California Conference in accordance with the North American Division is preparing to adopt new guidelines regarding locally funded employees.

The Central California Conference has begun the conversion process. The following is the summary of the guidelines from the North American Division.

While employees may be locally funded (i.e. their remuneration and benefits are funded by a local church or school), they will be employed by the lowest level employer in the Seventh-day Adventist Church structure, the local Conference. As the lowest legal entity for employment, the local Conference is the employer for all employees in all classifications, whether assigned to the Conference office or any other Conference facility, such as a church or school.

Retirement benefits will be offered to eligible full-time (38 hours per week) Conference Funded and Conference Locally Funded employees with the basic employer contribution and the employee match up to the allowable percentage. Part-time (0-37 hours per week) employees are eligible to participate in the match only.

To begin this process, we need you to fill out the form that is enclosed "Current Employee Data Collection" and return it to us as soon as possible. You will also need to confirm each employee's status, i.e. exempt, hourly or if they are not an employee, but an independent contractor. I have enclosed an Employee classification chart that will help you to confirm that each employee is correctly classified. I have also enclosed a 20 point independent contractor comparative approach. Before you classify someone as an independent contractor please review this sheet to confirm they qualify. If they qualify please fill out the certification enclosed.

All applicable benefits where the employee is employed by more than one denominational employer and the combined time worked by an employee equals, or exceeds, 38 hours per week, will be prorated equally by each work location.

I have also enclosed a packet that has all the forms that need to be filled out for new hires. Remember that before you can hire someone, it needs to be voted at the Conference level. **Please make no promises of employment until it has been voted by the Conference.**

Another important factor is that for every employee, we need to have the following documents:

1. Job description
2. CCC job application
3. Resume
4. EEOC information sheet
5. Salary reduction form
6. Memo of understanding
7. Retirement plan information sheet
8. Notice to employee form
9. Certificate of background check and training
10. Supervisors will need to take the anti-harassment training.

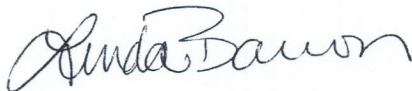
If they are full-time I will need these additional forms:

1. Health care application
2. Basic & Supplemental life insurance application
3. AD&D application (Voluntary)
4. Tuition assistance application (for exempt EE only)

All of these forms can be found on our website. <http://ccchr.adventistfaith.org/hr-resources-forms> and are enclosed.

We appreciate your help in making this a smooth transition for our workers.

Sincerely,



Linda Barron  
Human Resources Associate

enclosures

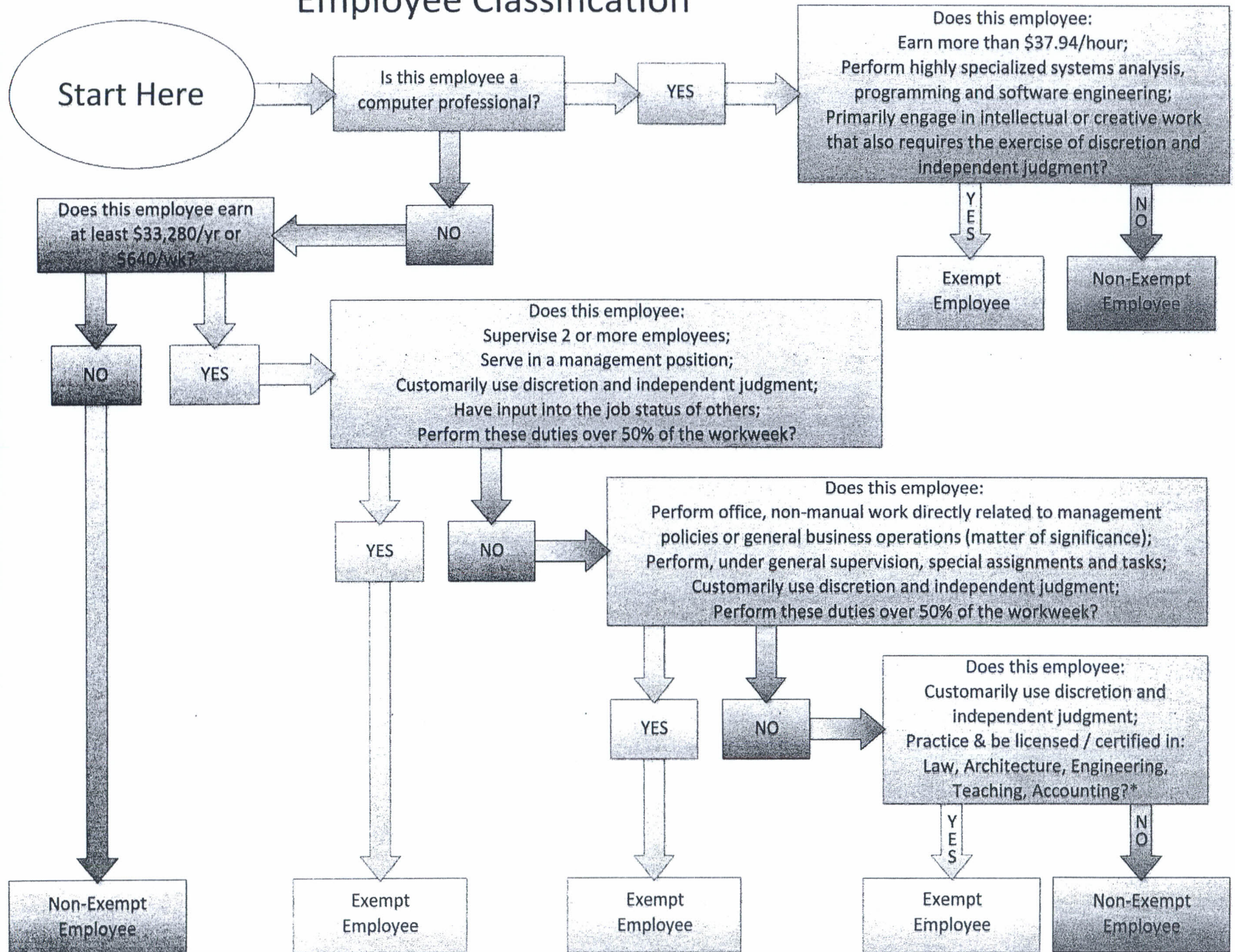


## Current Employee Data Collection Central California Conference

<b>Employee Info</b>	Employee Name: _____  Social Security Number: ____ - ____ - ____	
<b>Current Info</b>	<div><input type="checkbox"/> Full-time    <input type="checkbox"/> Regular (12 Mos. Or more)    <input type="checkbox"/> Exempt \$ _____ <input type="checkbox"/> Part-time    <input type="checkbox"/> Temporary (less than 12 mos.)    <input type="checkbox"/> Hourly \$ _____ <i>Please fill out the checklist for exempt status if you are marking exempt.</i></div> <div>Job Title: _____ Avg. Hours per week: _____ Place of work: _____ Start Date: _____ Date voted by local Board: _____ Does this employee work for another SDA entity? ____ If yes, where? _____ SDA Church membership is required. What SDA Church is EE a member of? _____</div>	
<b>Forms Filled out and attached</b>	<u>ALL Employees</u> <div><input type="checkbox"/> Job Description <input type="checkbox"/> CCC Application <input type="checkbox"/> Resume <input type="checkbox"/> EEOC information sheet <input type="checkbox"/> Salary Reduction Form <input type="checkbox"/> Memo of Understanding <input type="checkbox"/> Retirement plan information sheet <input type="checkbox"/> Notice to Employee form <input type="checkbox"/> Certificate of Background check &amp; training</div>	<u>Full-time Employees Only</u> <div><input type="checkbox"/> Health Care Application <input type="checkbox"/> Basic Life &amp; Supplemental Life Insurance application <input type="checkbox"/> AD &amp; D Application (voluntary) <input type="checkbox"/> Beneficiary Designation Form <input type="checkbox"/> Tuition Assistance App (for exempt only)</div>

Please return this form and required forms to the Central California Conference Human Resources Department as soon as possible. Thank you.

# Employee Classification



\* There are additional professions listed, such as Dentistry and Medicine, but they generally do not apply to CCC.

# EMPLOYMENT STATUS - A COMPARATIVE APPROACH

Under the common law test, a worker is an employee if the purchaser of that worker's service has the right to direct or control the worker, both as to the final results and as to the details of when, where, and how the work is done. Control need not actually be exercised; rather, if the service recipient has the right to control, employment may be shown.

## 1. INSTRUCTIONS:

An Employee receives instructions about when, where and how the work is to be performed.

*An Independent Contractor does the job his or her own way with few, if any, instructions as to the details or methods of the work.*

## 2. TRAINING:

Employees are often trained by a more experienced employee or are required to attend meetings or take training courses.

*An Independent Contractor uses his or her own methods and thus need not receive training from the purchaser of those services.*

## 3. INTEGRATION:

Services of an Employee are usually merged into the firm's overall operation; the firm's success depends on those Employee services.

*An Independent Contractor's services are usually separate from the client's business and are not integrated or merged into it.*

## 4. SERVICES RENDERED PERSONALLY:

An Employee's services must be rendered personally; Employees do not hire their own substitutes or delegate work to them.

*A true Independent Contractor is able to assign another to do the job in his or her place and need not perform services personally.*

## 5. HIRING, SUPERVISING & PAYING HELPER:

An Employee may act as a foreman for the employer but, if so, helpers are paid with the employer's funds.

*Independent Contractors select, hire, pay and supervise any helpers used and are responsible for the results of the helpers' labor.*

## 6. CONTINUING RELATIONSHIP

An Employee often continues to work for the same employer month after month or year after year.

*An Independent Contractor is usually hired to do one job of limited or indefinite duration and has no expectation of continuing work.*

## 7. SET HOURS OF WORK:

An Employee may work "on call" or during hours and days as set by the employer.

*A true Independent Contractor is the master of his or her own time and works the days and hours he or she chooses.*

## 8. FULL TIME REQUIRED:

An Employee ordinarily devotes full-time service to the employer, or the employer may have a priority on the Employee's time.

*A true Independent Contractor cannot be required to devote full-time service to one firm exclusively.*

## 9. LOCATION WHERE SERVICES PERFORMED:

Employment is indicated if the employer has the right to mandate where services are performed.

*Independent Contractors ordinarily work where they choose. The workplace may be away from the client's premises.*

## 10. ORDER OR SEQUENCE SET:

An Employee performs services in the order or sequence set by the employer. This shows control by the employer.

*A true Independent Contractor is concerned only with the finished product and sets his or her own order or sequence of work.*

Depending upon the type of business and the services performed, not all of the twenty common law factors may apply. In addition, the weight assigned to a specific factor may vary depending upon the facts of the case.

If an employment relationship exists, it does not matter that the employee is called something different, such as: agent, contract labor, subcontractor, or independent contractor.

## 11. ORAL OR WRITTEN REPORTS:

An Employee may be required to submit regular oral or written reports about the work in progress.

*An Independent Contractor is usually not required to submit regular oral or written reports about the work in progress.*

## 12. PAYMENT BY THE HOUR, WEEK OR MONTH:

An Employee is typically paid by the employer in regular amounts at stated intervals, such as by the hour or week.

*An Independent Contractor is normally paid by the job, either a negotiated flat rate or upon submission of a bid.*

## 13. PAYMENT OF BUSINESS & TRAVEL EXPENSE:

An Employee's business and travel expenses are either paid directly or reimbursed by the employer.

*Independent Contractors normally pay all of their own business and travel expenses without reimbursement*

## 14. FURNISHING TOOLS & EQUIPMENT:

Employees are furnished all necessary tools, materials, and equipment by their employer.

*An Independent Contractor ordinarily provides all of the tools and equipment necessary to complete the job.*

## 15. SIGNIFICANT INVESTMENT:

An Employee generally has little or no investment in the business. Instead, an Employee is economically dependent on the employer.

*True Independent Contractors usually have a substantial financial investment in their independent business.*

## 16. REALIZE PROFIT OR LOSS:

An Employee does not ordinarily realize a profit or loss in the business. Rather, Employees are paid for services rendered.

*An Independent Contractor can either realize a profit or suffer a loss depending on the management of expenses and revenues.*

## 17. WORKING FOR MORE THAN ONE FIRM AT A TIME:

An Employee ordinarily works for one employer at a time and may be prohibited from joining a competitor.

*An Independent Contractor often works for more than one client or firm at the same time and is not subject to a non-competition rule.*

## 18. MAKING SERVICE AVAILABLE TO THE PUBLIC:

An Employee does not make his or her services available to the public except through the employer's company.

*An Independent Contractor may advertise, carry business cards, hang out a shingle, or hold a separate business license.*

## 19. RIGHT TO DISCHARGE WITHOUT LIABILITY:

An Employee can be discharged at any time without liability on the employer's part.

*If the work meets the contract terms, an Independent Contractor cannot be fired without liability for breach of contract.*

## 20. RIGHT TO QUIT WITHOUT LIABILITY:

An Employee may quit work at any time without liability on the Employee's part.

*An Independent Contractor is legally responsible for job completion and, on quitting, becomes liable for breach of contract.*

I hereby certify that ..... meets the criteria as an independent contractor as per the 20 IRS tests supplied to me by the Central California Conference.

.....  
Institution

.....  
Date Voted

.....  
Name

.....  
Position

.....  
Signature

.....  
Date

<b>CENTRAL CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS</b>
<b>CATEGORIES OF INDIVIDUALS PAID TO PROVIDE SERVICES</b>
<b>VOLUNTEERS</b>
Reimburse Expenses (mileage, perdiem, lodging) based on travel logs or actual receipts
Should not be long term arrangements, otherwise they should be recategorized as employees or independent contractors (contact the conference if more than 3 months).
<b>EMPLOYEES</b>
Must complete W-4 and I-9.
Must complete other required denominational forms.
Use Chart provided to properly classify as Hourly (Non-Exempt) or Salaried (Exempt).
All payments of honorariums, regardless of the amount are considered taxable income.
<b>CONFERENCE OFFICE WORKERS</b>
All payments of honorariums, regardless of the amount are considered taxable income.
All payments of honorariums must be reported to the conference payroll department to be added to employee's W-2 .
Travel reimbursements are not taxable income, only if proper supporting documentation is provided for mileage, perdiem and lodging.
Mileage and perdiem rates must not exceed denominational rates.
Expenses may be reimbursed based on information on travel form showing actual mileage, days of perdiem and lodging, or could be paid based on receipts.
<b>INDEPENDENT CONTRACTORS</b>
Must complete form W-9 before a payment is issued.
Must be in business and providing similar service to other individuals or organizations.
Payments are made based on a contractual agreement.
Must have Liability Insurance and provide Certificate of Insurance to the Church or School.
Church or School must complete California State form DE-542 as soon as the Independent Contractor is paid at least \$600 in a year.
1099MISC form will be prepared by the conference Auditing Department at the end of each year, with information provided by the Treasurer; to report income to the IRS.
The charge for parts and equipment that are incidental to the service provided by the Independent Contract, will be reported on form 1099MISC as taxable income, as well.
<b>FOREIGN SPEAKERS</b>
Speakers from other countries may not be paid unless they are U.S. Citizens, Green Card Holders, H-1B Visa Holders.
Their expenses may be paid based upon receipts. Per Diem may be paid (no more than the denomination's daily rate).
People with R! Visas may only be paid if they are employed by CCC.
Get a copy of green card or visa for files.
<b>NOTE:</b> Please contact the Auditing Department at the Conference Office for payments to individuals that do not fall within any of the above mentioned categories.